

ILLEGIB

30 November 1953

OGC Has Reviewed

MEMORANDUM FOR: THE COMPTROLLER

SUBJECT : Salary Differential Due Detailed Employees

REFERENCES : a. Memorandum for Comptroller, General Counsel, and Director of Personnel, from Assistant Comptroller, dated 18 June 1953, same subject.
b. Memorandum for General Counsel from Comptroller dated 23 July 1953, same subject.

25X1A 1. The references request legal consideration of the question whether CIA may properly deviate from strict adherence to the State Department "Standardized Regulations" in the administration of foreign post differential payments, and, if so, upon what basis. Agency regulations provide that foreign post differentials will be paid in accordance with regulations issued by the Department of State, pursuant to Section 443 of the Foreign Service Act of 1946 and Executive Order 10,000. These constitute this Agency's only authorization for payment of foreign post differentials.

25X1A 2. It has been the established policy of the Agency, consistent with a decision of the Comptroller General (30 Comp. Gen. 191) that the use of CIA's unusual authority is not contemplated as a means of disregarding "... any control with respect to the normal administrative or operating problems which confront the ordinary Government Agency." This philosophy has been expansively articulated in Agency [redacted] issued. It certainly may be stated without contradiction that the administration of salary differentials as such under the new State regulation is, and will be, a problem common to Government generally, and, indeed, the fact that operational and cover considerations are involved is not necessarily the governing factor since such considerations may be present to a greater or lesser extent in many Agency activities. The Assistant Comptroller states that "there appears no practical manner by which this Agency can properly control differential payments in conformity with these regulations prescribed by the Department of State." He requests therefore that the 60-day proviso be made applicable to reductions in post differentials while on detail, as well as to increases. If the situation may

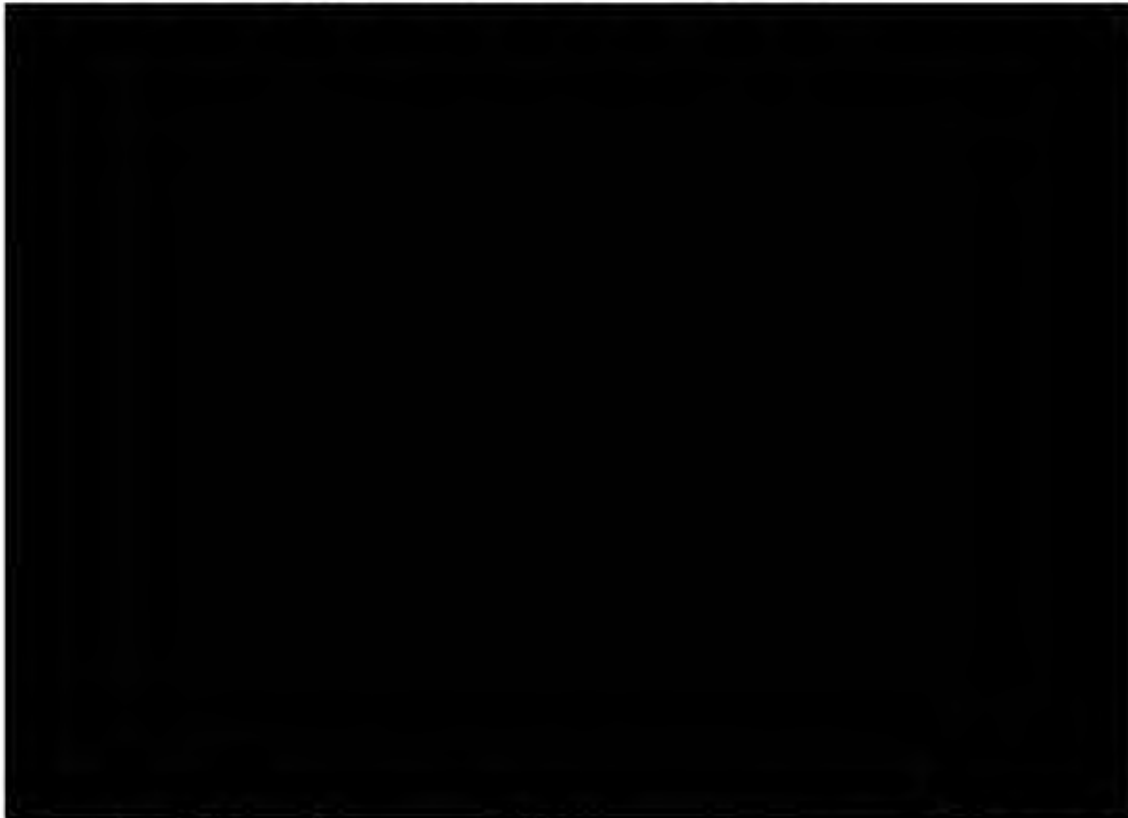
SECRET

SECRET

reasonably be stated to have been created by the peculiar nature of CIA's functions or activities, we believe there may be a sound basis for concurring with the proposal of the Assistant Comptroller and this phase of the problem will be discussed hereafter.

3. The practical considerations from an operational, covert, or security standpoint include the following:

a. State and other Government departments have a decentralized payroll system which makes possible the handling of differential payments in the field. CIA does not.



This could result in a temporarily undetected overpayment of differential.

d. Informal advice has been received that the regulation in question with the 60-day proviso for increase and the 14-day proviso for decrease in differential was promulgated as an economy move and was not strictly motivated by purely administrative considerations. While this change may save money under the State Department system, it appears, as will be shown hereafter in paragraph 4, that it would cost CIA more. CIA presumably should be guided by similar motives of economy in its administration of differentials.

SECRET

4. It is apparent that this Agency's inability to follow precisely the requirements of State Department's new differential regulations stems primarily from our centralized payroll procedures for overseas personnel. These procedures have been dictated by security requirements. We have been informed that security and economy phases of Agency operations require that payroll be on a centralized basis. In this connection, a practical experiment was conducted at the [REDACTED] station with the result that decentralized payroll was found to be impractical. This was because security restrictions made it unseemly financially due to the fact that twice the number of personnel was required.

25X1C

25X1C

6. We must have clear justification for such deviations and where the change is of general application, prior clearance from the Comptroller General may be advisable.

LAWRENCE R. HOUSTON
General Counsel

OGC/OEP:blr
Distribution:

orig. & 1 - addressee

- 2 - OGC, 317 South
- ✓ 1 - sub. file
- 1 - chrono.
- 1 - OEP chrono.